

BUENA VISTA COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2008

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BUENA VISTA COUNTY

OFFICIALS

| <u>NAME</u> | <u>TITLE</u> | <u>TERM EXPIRES</u> |
|-----------------|----------------------|-------------------------|
| Lorna Burnside | Board of Supervisors | Jan. 2009 |
| Herb Crampton | Board of Supervisors | Jan. 2009 |
| Dale Arends | Board of Supervisors | Jan. 2011 |
| Ken Hach | Board of Supervisors | Jan. 2011 |
| Paul Merten | Board of Supervisors | Jan. 2011 |
| | | |
| Karen Strawn | County Auditor | Jan. 2009 |
| | | |
| Kathleen Bach | County Treasurer | Jan. 2011 |
| | | |
| Shari O'Bannon | County Recorder | Jan. 2011 |
| | | |
| Charles E. Eddy | County Sheriff | Jan. 2009 |
| | | |
| Dave Patton | County Attorney | Jan. 2011 |
| | | |
| Kathy Croker | County Assessor | Jan. 2010 |

HUNZELMAN, PUTZIER & Co., PLC
CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
KEITH C. GERMANN, C.P.A.
RICHARD R. MOORE, C.P.A.
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W.J. HUNZELMAN, C.P.A. 1921-1997

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INDEPENDENT AUDITOR'S REPORT

To the Officials of Buena Vista County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Buena Vista County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

The financial statements referred to above do not include materials and supplies inventory, pertaining primarily to the Special Revenue Funds, which should be included in order to conform to U.S. generally accepted accounting principles. The amounts of such inventory are not determinable.

In our opinion, except for the omission of the materials and supplies inventory, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2009, on our consideration of Buena Vista County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 11 and 37 through 39 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Buena Vista County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for each of the years in the two year period ending June 30, 2003, (which are not presented herein) and expressed a qualified opinion on those financial statements because of the omission of general fixed assets and materials and supplies inventory. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for each of the years in the four year period ending June 30, 2007 (none of which are presented herein), and expressed qualified opinions on those financial statements because the materials and supplies inventory was omitted. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

March 24, 2009

Hungelman, Tuttle & Co.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Buena Vista County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- Buena Vista County's governmental fund revenues increased \$404,557 or 3.1%, from fiscal FY'07. Charges for services increased \$23,930, intergovernmental increased \$76,134, penalty and interest on taxes decreased \$2,947, property taxes increased \$417,365, use of money and property decreased by \$187,078, and other general revenues increased by \$77,153.
- Buena Vista County's governmental fund expenditures decreased \$4,578,107 or 25.5% from FY'07. Nearly all of the construction expense for the new Law Enforcement Center occurred in FY'07.
- Buena Vista County's net assets increased \$1,632,900, or approximately 10.7%, from June 30, 2007, to June 30, 2008, due to completion of the Law Enforcement Center.
- Buena Vista County increased budgeted property taxes for 2008 by \$371,122, a 6.1% increase. In FY'07, the valuation increased \$38 million. The total levy rate increase was .37096 or 3.6%.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Buena Vista County as a whole and present an overall view of the County's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Buena Vista County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Buena Vista County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.
- Other Supplementary Information provides detailed information about the nonmajor governmental funds and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt, and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three categories of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses, and changes in fund net assets, and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for emergency management services and the County Assessor, to name a few.

The required financial statements for fiduciary funds is a statement of fiduciary assets and liabilities.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES - (Continued)

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets of Governmental Activities

| | <u>June 30,</u> | |
|---|----------------------|----------------------|
| | <u>2008</u> | <u>2007</u> |
| Current and other assets | \$ 14,182,540 | \$ 13,839,185 |
| Capital assets | <u>19,861,567</u> | <u>18,973,494</u> |
| Total assets | <u>34,044,107</u> | <u>32,812,679</u> |
| Long-term liabilities | 9,253,901 | 9,919,734 |
| Other liabilities | <u>7,912,206</u> | <u>7,647,845</u> |
| Total liabilities | <u>17,166,107</u> | <u>17,567,579</u> |
| Net assets | | |
| Invested in capital assets, net of related debt | 14,826,337 | 13,496,202 |
| Restricted | 4,610,551 | 4,210,349 |
| Unrestricted | <u>(2,558,888)</u> | <u>(2,461,451)</u> |
| Total net assets | <u>\$ 16,878,000</u> | <u>\$ 15,245,100</u> |

Changes in Net Assets of Governmental Activities

| | <u>Year Ended June 30,</u> | |
|--|----------------------------|-------------------|
| | <u>2008</u> | <u>2007</u> |
| Revenues: | | |
| Program revenues: | | |
| Charges for service | \$ 1,997,173 | \$ 1,848,783 |
| Operating grants, contributions, and restricted interest | 4,459,409 | 4,224,766 |
| Capital grants, contributions, and restricted interest | 415,233 | 1,777,331 |
| General revenues: | | |
| Property tax | 6,343,072 | 5,981,604 |
| Penalty and interest on property tax | 57,753 | 27,817 |
| Local option sales tax | 705,953 | 665,497 |
| State tax credits | 286,030 | 294,419 |
| Grants and contributions not restricted to specific purposes | 20,748 | 18,854 |
| Unrestricted investment earnings | 193,463 | 382,208 |
| Other general revenues | <u>43,892</u> | <u>6,520</u> |
| Total revenues | <u>14,522,726</u> | <u>15,227,799</u> |
| Program expenses: | | |
| Public safety and legal services | 1,530,645 | 2,301,324 |
| Physical health and social services | 1,122,140 | 1,078,256 |
| Mental health | 1,431,725 | 1,502,865 |
| County environment and education | 655,540 | 629,301 |
| Roads and transportation | 3,475,049 | 3,713,006 |

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

| | <u>Year Ended June 30,</u> | |
|---|----------------------------|---------------------|
| | <u>2008</u> | <u>2007</u> |
| Governmental services to residents | \$ 566,025 | \$ 523,983 |
| Administration | 2,252,111 | 1,884,481 |
| Non-program | 1,443,109 | 583,342 |
| Interest on long-term debt | <u>413,482</u> | <u>391,464</u> |
| Total expenses | <u>12,889,826</u> | <u>12,608,022</u> |
| | | |
| Increase in net assets | 1,632,900 | 2,619,777 |
| | | |
| Net assets beginning of year, as restated | <u>15,245,100</u> | <u>12,625,323</u> |
| | | |
| Net assets end of year | <u>\$ 16,878,000</u> | <u>\$15,245,100</u> |

The cost of all governmental activities this year was \$12,889,826.

As noted earlier, net assets may serve over time as a useful indicator of financial position. Buena Vista County's net assets increased from \$15,245,100 to \$16,878,000. The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment).

INDIVIDUAL MAJOR FUND ANALYSIS

As Buena Vista County completed the year, its governmental funds reported a combined fund balance of \$5,724,781, a decrease of \$47,586 from FY'07's total of \$5,772,367.

- From FY'07 to FY'08, General Fund expenditures increased \$239,396, and revenues decreased \$234,852, resulting in a decrease in the ending fund balance. Increased expenditures included repairs for the county care facility, addition of a full time employee to law enforcement administration and a new telephone system for the LEC, data processing & other equipment maintenance, adult correctional services, detention services, youth guidance/group foster care, support of the county fair, increase in driver license services, disputed FY'07 election expenses paid in FY'08, courthouse remodeling, and worker's compensation insurance. The majority of the construction of the LEC occurred in FY'07.
- Mental Health Fund expenditures decreased \$67,752 and revenues increased \$112,046 because the levy increased from 60% to 80% of the maximum. The ending fund balance increased \$102,451.
- Rural Services Fund expenditures increased \$132,406, and revenues increased \$36,677. Increased expenditures include two Sheriff deputies moved from the General Fund, and support of libraries in the County. The ending fund balance decreased \$636,343.
- Secondary Roads Fund expenditures decreased \$1,790,888, and revenues decreased \$46,550. The ending fund balance increased \$1,762,557.
- Debt Service Fund expenditures increased \$108,124 because of an increase in the capital project loan payment and revenue increased \$97,400. The ending fund balance increased \$3,938.

BUDGETARY HIGHLIGHTS

During FY'08, Buena Vista County amended its budget two times. The first amendment, approved November 13, 2007, included expenditure of two grants, additional youth guidance services, repair for the weed spray truck, two FY '07 disputed election bills, Conservation repair projects, and LEC construction completion.

The second amendment was approved May 27, 2008, and included authority to expend grants to Public Health & EMS, additional appropriation to Emergency Management, detention services, long term treatment at Toledo Home, vacation payout for one employee, and care facility repairs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, Buena Vista County had approximately \$24.8 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads, and bridges. This is a net increase (including additions and deletions) of approximately \$1,570,000, or 7 percent over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)

| | <u>June 30</u> | |
|----------------------------|------------------|------------------|
| | <u>2008</u> | <u>200</u> |
| Land | \$ 663 | \$ 663 |
| Construction in progress | 186 | 7,465 |
| Buildings and improvements | 7,269 | 2,000 |
| Equipment and vehicles | 7,253 | 7,012 |
| Infrastructure | <u>9,395</u> | <u>6,057</u> |
| Total | <u>\$ 24,766</u> | <u>\$ 23,197</u> |

The County had depreciation expense of \$780,248 in FY'08 and total accumulated depreciation of \$4,904,490 at June 30, 2008.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long Term Debt

The County's FY'08 statutory debt limit was 5% of the assessed valuation, or \$50,400,150. At June 30, 2008, Buena Vista County had \$8,774,492 in outstanding general obligation bonds, or 17.4% of capacity. The County doesn't have a current Moody's rating.

Other obligations include accrued vacation pay and compensatory time, and drainage district warrants. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

According to the Northwest Area Foundation, the 2008 population of Buena Vista County was estimated at 19,702 with an unemployment rate of 4.3% in January, 2009. The most recent average wage per job for 2007 was \$29,053.

A significant factor and the reason for an increase in taxes levied in the FY'10 budget was the need to restore reserves which were/are significantly depleted in FY'08 and FY'09.

The total levy rate for FY'10 is \$10.94339/thous., up \$.41744 from FY'09. The countywide rate is increased \$.25302/thous., and the rural basic rate is up \$.16442/thous.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Buena Vista County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Buena Vista County Auditor's Office, 215 E. 5th St., P.O. Box 220, Storm Lake, Iowa, 50588.

BUENA VISTA COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2008

Exhibit A

Governmental
Activities

ASSETS

| | |
|---|-------------------|
| Cash and pooled investments | \$ 5,808,773 |
| Receivables (net of allowances for uncollectibles): | |
| Property tax: | |
| Delinquent | 11,806 |
| Succeeding year | 7,180,464 |
| Interest and penalty on property tax | 1,740 |
| Accounts | 408,801 |
| Accrued interest | 13,673 |
| Drainage assessments | 167,186 |
| Due from other governments | 466,377 |
| Prepaid expenses | 123,720 |
| Land | 662,614 |
| Construction in progress | 186,378 |
| Infrastructure, property and equipment, net of accumulated depreciation | <u>19,012,575</u> |
| Total assets | <u>34,044,107</u> |

LIABILITIES

| | |
|---|-------------------|
| Accounts payable | 407,923 |
| Accrued interest payable | 60,988 |
| Salaries and benefits payable | 99,776 |
| Due to other governments | 102,488 |
| Deferred revenue: | |
| Succeeding year property tax | 7,180,464 |
| Other | 60,567 |
| Long-term liabilities: | |
| Portion due or payable within one year: | |
| General obligation bonds | 866,338 |
| Compensated absences | 396,746 |
| Portion due or payable after one year: | |
| General obligation bonds | 7,655,732 |
| Drainage warrants/drainage improvement certificates payable | <u>335,085</u> |
| Total liabilities | <u>17,166,107</u> |

NET ASSETS

| | |
|---|----------------------|
| Invested in capital assets, net of related debt | 14,826,337 |
| Restricted for: | |
| Supplemental levy purposes | 231,132 |
| Secondary roads purposes | 4,372,170 |
| Debt service | 47,159 |
| Other purposes | (39,910) |
| Unrestricted (Note 16) | <u>(2,558,888)</u> |
| Total net assets | <u>\$ 16,878,000</u> |

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

Exhibit B

| Functions/Programs | <u>Expenses</u> | <u>Charges for Service</u> | <u>Program Revenues</u> | | <u>Net (Expense) Revenue and Changes in Net Assets</u> |
|--|---------------------|----------------------------|---|---|--|
| | | | <u>Operating Grants, Contributions, and Restricted Interest</u> | <u>Capital Grants, Contributions, and Restricted Interest</u> | |
| Governmental activities: | | | | | |
| Public safety and legal services | \$ 1,530,645 | \$ 402,828 | \$ 89,218 | \$ - | (1,038,599) |
| Physical health and social services | 1,122,140 | 436,886 | 395,059 | - | (290,195) |
| Mental health | 1,431,725 | 58,732 | 1,022,453 | - | (350,540) |
| County environment and education | 655,540 | 26,770 | 27,924 | - | (600,846) |
| Roads and transportation | 3,475,049 | 467,813 | 2,814,613 | 242,730 | 50,107 |
| Governmental services to residents | 566,025 | 454,717 | 70,521 | - | (40,787) |
| Administration | 2,252,111 | 131,950 | 5,815 | - | (2,114,346) |
| Non-program | 1,443,109 | 17,477 | 33,806 | 172,503 | (1,219,323) |
| Interest on long-term debt | 413,482 | - | - | - | (413,482) |
| Total | <u>\$12,889,826</u> | <u>\$ 1,997,173</u> | <u>\$ 4,459,409</u> | <u>\$ 415,233</u> | <u>(6,018,011)</u> |
| General Revenues: | | | | | |
| Property and other county tax levied for: | | | | | |
| General purposes | | | | | 5,309,453 |
| Debt service | | | | | 1,033,619 |
| Penalty and interest on property tax | | | | | 57,753 |
| State tax credits | | | | | 286,030 |
| Local option sales tax | | | | | 705,953 |
| Grants and contributions not restricted to specific purposes | | | | | 20,748 |
| Unrestricted investment earnings | | | | | 193,463 |
| Miscellaneous | | | | | 43,892 |
| Total general revenues | | | | | <u>7,650,911</u> |
| Change in net assets | | | | | 1,632,900 |
| Net assets beginning of year | | | | | <u>15,245,100</u> |
| Net assets end of year | | | | | <u>\$ 16,878,000</u> |

See notes to financial statements.

BUENA VISTA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

Exhibit C

| | | Special Revenue | | | | | | |
|--------------------------------------|---------------------|---------------------|--------------------|--------------------|--------------------|------------------|-------------------|---------------------|
| | General | Mental Health | Rural Services | Secondary Roads | Debt Service | Capital Projects | Nonmajor | Total |
| <u>ASSETS</u> | | | | | | | | |
| Cash and pooled investments | \$ 902,513 | \$ 590,822 | \$ 82,696 | \$3,319,911 | \$ 64,380 | \$ 48,266 | \$ 564,689 | \$ 5,573,277 |
| Receivables: | | | | | | | | |
| Property tax: | | | | | | | | |
| Delinquent | 19,240 | 2,346 | 3,316 | - | 5,408 | - | - | 30,310 |
| Succeeding year | 4,192,627 | 511,895 | 1,296,225 | - | 1,179,717 | - | - | 7,180,464 |
| Interest and penalty on property tax | 115,173 | - | - | - | - | - | - | 115,173 |
| Accounts | 31,549 | 3,456 | 75,192 | 58,767 | - | - | 77,372 | 246,336 |
| Accrued interest | 12,990 | - | - | - | - | 119 | 126 | 13,235 |
| Drainage assessments | - | - | - | - | - | - | 167,186 | 167,186 |
| Due from other governments | 142,541 | 21,501 | 21,526 | 249,404 | - | - | 31,405 | 466,377 |
| Prepaid expenses | 80,173 | 3,102 | 2,200 | 18,705 | - | - | 3,002 | 107,182 |
| Total assets | <u>\$ 5,496,806</u> | <u>\$ 1,133,122</u> | <u>\$1,481,155</u> | <u>\$3,646,787</u> | <u>\$1,249,505</u> | <u>\$ 48,385</u> | <u>\$ 843,780</u> | <u>\$13,899,540</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 95,191 | \$ 92,530 | \$ 9,379 | \$ 152,736 | \$ - | \$ 42,398 | \$ 6,778 | \$ 399,012 |
| Interest payable | - | - | - | - | - | - | 32,048 | 32,048 |
| Salaries and benefits payable | 53,829 | 7,044 | 6,701 | 32,202 | - | - | - | 99,776 |
| Due to other governments | 13,292 | 86,270 | 839 | 2,087 | - | - | - | 102,488 |
| Deferred revenue: | | | | | | | | |
| Succeeding year property tax | 4,192,627 | 511,895 | 1,296,225 | - | 1,179,717 | - | - | 7,180,464 |
| Other | 132,238 | 2,119 | 27,288 | 27,258 | 4,882 | - | 167,186 | 360,971 |
| Total liabilities | <u>4,487,177</u> | <u>699,858</u> | <u>1,340,432</u> | <u>214,283</u> | <u>1,184,599</u> | <u>42,398</u> | <u>206,012</u> | <u>8,174,759</u> |
| Fund balances: | | | | | | | | |
| Reserved for: | | | | | | | | |
| Supplemental levy purposes | 230,179 | - | 953 | - | - | - | - | 231,132 |
| Prepays | 80,173 | 3,102 | 2,200 | 18,705 | - | - | - | 104,180 |
| Future expenditures | - | - | - | - | - | - | 97,685 | 97,685 |
| Unreserved, reported in: | | | | | | | | |
| General fund | 699,277 | - | - | - | - | - | - | 699,277 |
| Special revenue funds | - | 430,162 | 137,570 | 3,413,799 | - | - | 540,083 | 4,521,614 |
| Debt service fund | - | - | - | - | 64,906 | - | - | 64,906 |
| Capital projects fund | - | - | - | - | - | 5,987 | - | 5,987 |
| Total fund balances | <u>1,009,629</u> | <u>433,264</u> | <u>140,723</u> | <u>3,432,504</u> | <u>64,906</u> | <u>5,987</u> | <u>637,768</u> | <u>5,724,781</u> |
| Total liabilities and fund balances | <u>\$ 5,496,806</u> | <u>\$ 1,133,122</u> | <u>\$1,481,155</u> | <u>\$3,646,787</u> | <u>\$1,249,505</u> | <u>\$ 48,385</u> | <u>\$ 843,780</u> | <u>\$13,899,540</u> |

See notes to financial statements.

BUENA VISTA COUNTY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Exhibit D

| | |
|--|---------------------|
| Total governmental fund balances | \$ 5,724,781 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$24,766,057 and the accumulated depreciation is \$4,904,490. | 19,861,567 |
| Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. | 469,981 |
| The allowance for uncollectible accounts receivable is not reported in the governmental funds. | (131,935) |
| The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. | 236,447 |
| Long-term liabilities, including notes payable, accrued interest payable, compensated absences payable, and drainage warrants payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. | <u>(9,282,841)</u> |
| Net assets of governmental activities | <u>\$16,878,000</u> |

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

Exhibit E

| | | Special Revenue | | | | | | |
|---|---------------------|----------------------|-----------------------|------------------------|---------------------|-------------------------|-------------------|---------------------|
| | <u>General</u> | <u>Mental Health</u> | <u>Rural Services</u> | <u>Secondary Roads</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Nonmajor</u> | <u>Total</u> |
| Revenues: | | | | | | | | |
| Property and other County tax | \$ 3,567,910 | \$ 511,280 | \$1,529,755 | \$ - | \$1,033,460 | \$ - | \$ 423,572 | \$ 7,065,977 |
| Interest and penalty on property tax | 40,523 | - | - | - | - | - | - | 40,523 |
| Intergovernmental | 948,033 | 1,011,335 | 58,039 | 2,974,435 | 46,577 | - | 36,235 | 5,074,654 |
| Licenses and permits | 31,969 | - | 950 | 18,945 | - | - | - | 51,864 |
| Charges for service | 508,561 | 1,831 | 2,470 | 92,704 | - | - | 19,200 | 624,766 |
| Use of money and property | 212,185 | - | 4,700 | - | - | 14,758 | 11,977 | 243,620 |
| Miscellaneous | 34,910 | 6,884 | 1,363 | 32,996 | - | 7,642 | 205,626 | 289,421 |
| Total revenues | <u>5,344,091</u> | <u>1,531,330</u> | <u>1,597,277</u> | <u>3,119,080</u> | <u>1,080,037</u> | <u>22,400</u> | <u>696,610</u> | <u>13,390,825</u> |
| Expenditures: | | | | | | | | |
| Operating: | | | | | | | | |
| Public safety and legal services | 2,120,903 | - | 295,812 | - | - | - | - | 2,416,715 |
| Physical health and social services | 1,110,268 | - | - | - | - | - | 15,000 | 1,125,268 |
| Mental health | - | 1,428,879 | - | - | - | - | - | 1,428,879 |
| County environment and education | 309,583 | - | 299,537 | - | - | - | - | 609,120 |
| Roads and transportation | 3,985 | - | - | 3,166,250 | - | - | - | 3,170,235 |
| Governmental services to residents | 548,760 | - | 3,079 | - | - | - | - | 551,839 |
| Administration | 1,119,900 | - | - | - | - | - | 21,524 | 1,141,424 |
| Non-program | 52,387 | - | - | - | - | - | 127,945 | 180,332 |
| Debt service | 69,180 | - | - | - | 1,088,464 | - | - | 1,157,644 |
| Capital projects | 202,136 | - | - | 383,718 | - | 1,011,894 | - | 1,597,748 |
| Total expenditures | <u>5,537,102</u> | <u>1,428,879</u> | <u>598,428</u> | <u>3,549,968</u> | <u>1,088,464</u> | <u>1,011,894</u> | <u>164,469</u> | <u>13,379,204</u> |
| Excess (deficiency) of revenues over expenditures | <u>(193,011)</u> | <u>102,451</u> | <u>998,849</u> | <u>(430,888)</u> | <u>(8,427)</u> | <u>(989,494)</u> | <u>532,141</u> | <u>11,621</u> |
| Other financing sources (uses): | | | | | | | | |
| Operating transfers in (out) | (369,702) | - | (1,635,192) | 2,193,445 | 12,365 | 190,118 | (391,034) | - |
| Proceeds from refunding bonds escrow account | - | - | - | - | 4,203,975 | - | - | 4,203,975 |
| Payment to refunding bonds escrow agent | - | - | - | - | (4,203,975) | - | - | (4,203,975) |
| Drainage district warrants | - | - | - | - | - | - | (59,207) | (59,207) |
| Total other financing sources (uses) | <u>(369,702)</u> | <u>-</u> | <u>(1,635,192)</u> | <u>2,193,445</u> | <u>12,365</u> | <u>190,118</u> | <u>(450,241)</u> | <u>(59,207)</u> |
| Net change in fund balances | (562,713) | 102,451 | (636,343) | 1,762,557 | 3,938 | (799,376) | 81,900 | (47,586) |
| Fund balances, beginning of year | <u>1,572,342</u> | <u>330,813</u> | <u>777,066</u> | <u>1,669,947</u> | <u>60,968</u> | <u>805,363</u> | <u>555,868</u> | <u>5,772,367</u> |
| Fund balances, end of year | <u>\$ 1,009,629</u> | <u>\$ 433,264</u> | <u>\$ 140,723</u> | <u>\$ 3,432,504</u> | <u>\$ 64,906</u> | <u>\$ 5,987</u> | <u>\$ 637,768</u> | <u>\$ 5,724,781</u> |

See notes to financial statements.

BUENA VISTA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

Exhibit F

Net change in fund balances - Total governmental funds \$ (47,586)

Amounts reported for governmental activities in the Statement of
 Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year as follows:

| | | |
|---|------------------|---------|
| Expenditures for capital assets | \$1,590,211 | |
| Capital assets contributed by the Iowa Department of Transportation | 78,111 | |
| Depreciation expense | <u>(780,248)</u> | 888,074 |

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds as follows:

| | | |
|--------------|-----------------|---------|
| Property tax | 18,550 | |
| Other | <u>(26,787)</u> | (8,237) |

The increase in the allowance for uncollectible accounts receivable is not reported in the fund financial statements: (18,271)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues as follows:

| | | |
|--|----------------|---------|
| Repaid general obligation | 785,529 | |
| Repaid drainage district warrants | 59,207 | |
| Amortization of deferred charges | (21,324) | |
| Amortization of discount on long-term debt | <u>(3,468)</u> | 819,944 |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

| | | |
|----------------------------|--------------|-----|
| Compensated absences | (2,180) | |
| Interest on long-term debt | <u>2,324</u> | 144 |

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. (1,168)

Change in net assets of governmental activities \$1,632,900

BUENA VISTA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

Exhibit G

Internal Service
Employee Group
Health

ASSETS

| | |
|---------------------------|----------------|
| Cash and cash equivalents | \$ 235,493 |
| Interest receivable | 438 |
| Prepaid expense | 79,312 |
| Other receivables | <u>10,533</u> |
| Total assets | <u>325,776</u> |

LIABILITIES

| | |
|-------------------|---------------|
| Accounts payable | 8,910 |
| Deferred revenue | <u>80,419</u> |
| Total liabilities | <u>89,329</u> |

NET ASSETS

| | |
|--------------|-------------------|
| Unrestricted | <u>\$ 236,447</u> |
|--------------|-------------------|

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2008

Exhibit H

Internal Service
Employee Group
Health

| | |
|--|-------------------|
| Operating revenues: | |
| Reimbursements from operating funds | \$ 769,144 |
| Reimbursements from employees | <u>292,548</u> |
| Total operating revenues | 1,061,692 |
| Operating expenses: | |
| Medical claims and administrative fees | <u>1,071,578</u> |
| Operating loss | (9,886) |
| Non-operating revenues: | |
| Interest income | <u>8,718</u> |
| Net loss | (1,168) |
| Net assets beginning of year | <u>237,615</u> |
| Net assets end of year | <u>\$ 236,447</u> |

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2008

Exhibit I

Internal Service
Employee Group
Health

| | |
|--|--------------------|
| Cash flows from operating activities: | |
| Cash received from operating fund reimbursements and employees | \$ 1,059,182 |
| Cash payments for medical claims and administrative fees | <u>(1,083,942)</u> |
| Net cash used in operating activities | (24,760) |
| Cash flows from investing activities: | |
| Interest on investments | <u>9,090</u> |
| Net decrease in cash and cash equivalents | (15,670) |
| Cash and cash equivalents, beginning of year | <u>251,163</u> |
| Cash and cash equivalents, end of year | <u>\$ 235,493</u> |
| Reconciliation of operating loss to net cash used in operating activities: | |
| Operating loss | \$ (9,886) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Increase in receivables | (10,500) |
| Increase in prepaid expense | (7,118) |
| Increase in accounts payable | (5,245) |
| Increase in deferred revenue | <u>7,989</u> |
| Net cash used in operating activities | <u>\$ (24,760)</u> |

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2008

Exhibit J

ASSETS

Cash and pooled investments:

| | |
|------------------------|--------------|
| County Treasurer | \$ 1,367,655 |
| Other County officials | 62,437 |

Receivables:

Property tax:

| | |
|-----------------|------------|
| Delinquent | 92,732 |
| Succeeding year | 18,107,449 |

| | |
|----------|--------|
| Accounts | 59,420 |
|----------|--------|

| | |
|----------------------------|--------|
| Due from other governments | 28,607 |
|----------------------------|--------|

| | |
|--------------|-------------------|
| Total assets | <u>19,718,300</u> |
|--------------|-------------------|

LIABILITIES

| | |
|------------------|---------|
| Accounts payable | 110,186 |
|------------------|---------|

| | |
|-------------------------------|-----|
| Salaries and benefits payable | 573 |
|-------------------------------|-----|

| | |
|--------------------------|------------|
| Due to other governments | 19,571,894 |
|--------------------------|------------|

| | |
|----------------|--------|
| Trusts payable | 35,647 |
|----------------|--------|

| | |
|-------------------|-------------------|
| Total liabilities | <u>19,718,300</u> |
|-------------------|-------------------|

| | |
|------------|-------------|
| Net Assets | <u>\$ -</u> |
|------------|-------------|

See notes to financial statements.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(1) Summary of Significant Accounting Policies

Buena Vista County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Buena Vista County has included all funds, organizations, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County.

These financial statements present Buena Vista County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Two hundred forty-three drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed, and supervised by the Buena Vista County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Buena Vista County Auditor's office.

Jointly Governed Organizations -The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Buena Vista County Assessor's Conference Board, Buena Vista County Joint Disaster Services Commission, Buena Vista County Empowerment Board, Buena Vista County Solid Waste Commission, Northwest Iowa Multi-county Regional Juvenile Detention Center, and Buena Vista County E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues, and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the main operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation - (Continued)

The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they occur and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues to be available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments), and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(1) Summary of Significant Accounting Policies - (Continued)

C. Measurement Focus and Basis of Accounting - (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments, and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements, and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2006, assessed property valuations; is for the tax accrual period July 1, 2007, through June 30, 2008; and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable - Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are payable but not yet due.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Prepays - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in both the Government-wide and fund financial statements on the consumption method.

Capital Assets - Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset life are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds, and estimated useful lives in excess of two years.

| <u>Asset Class</u> | <u>Amount</u> |
|-----------------------------------|---------------|
| Infrastructure | \$65,000 |
| Land, buildings, and improvements | 25,000 |
| Equipment and vehicles | 5,000 |

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives (In Years)</u> |
|-----------------------|--|
| Buildings | 50 |
| Building improvements | 50 |
| Infrastructure | 65 |
| Equipment | 5-20 |
| Vehicles | 4-15 |

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of succeeding year property tax receivable, as well as delinquent property tax receivables not collected within sixty days after year end.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.

Long-term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Net Assets - The net assets of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2008, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County's investments at June 30, 2008, are as follows:

| <u>Type</u> | <u>Fair Value</u> |
|-------------------|-----------------------|
| Drainage warrants | <u>\$464</u> |

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$68,821 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk - The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit risk - The investment in Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk - The County places no limit on the amount that may be invested in any one issuer.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(3) Landfill Agreement

The County participates in an agreement with Buena Vista County Solid Waste Commission, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the county. Payments to that commission totaled \$149,978 during the year ended June 30, 2008.

The County has guaranteed closure and post-closure costs of the landfill as per Chapter 567-113.14(6f) of the Iowa Administrative Code. The total costs have been estimated at approximately \$143,883 and \$930,600, respectively. The landfill was closed September 30, 2008.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008, is as follows:

| <u>Transfer to</u> | <u>Transfer from</u> | <u>Amount</u> |
|-------------------------------------|------------------------------|--------------------|
| Special Revenue: Secondary Roads | General | \$ 158,955 |
| | Special Revenue: | |
| | Rural Services | 1,635,192 |
| | Local Option Secondary Roads | <u>399,298</u> |
| | | <u>2,193,445</u> |
| Jail Security | General | 8,264 |
| Debt Service | General | 12,365 |
| Capital Projects | General | <u>190,118</u> |
| Total | | <u>\$2,404,192</u> |

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

| | <u>Balance Beginning of Year</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance End of Year</u> |
|--|--|------------------|--------------------|------------------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 662,614 | \$ - | \$ - | \$ 662,614 |
| Construction in progress | <u>7,465,194</u> | <u>1,184,390</u> | <u>(8,463,206)</u> | <u>186,378</u> |
| Total capital assets not being depreciated | <u>8,127,808</u> | <u>1,184,390</u> | <u>(8,463,206)</u> | <u>848,992</u> |

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

| (5) <u>Capital Assets</u> - (Continued) | Balance Beginning of Year | Increases | Decreases | Balance End of Year |
|--|---------------------------------|--------------------|-----------------------|---------------------------|
| Capital assets being depreciated: | | | | |
| Buildings | \$ 2,000,025 | \$ 5,268,817 | \$ - | \$ 7,268,842 |
| Equipment and vehicles | 7,012,143 | 375,043 | (133,620) | 7,253,566 |
| Infrastructure | <u>6,057,042</u> | <u>3,337,615</u> | <u>-</u> | <u>9,394,657</u> |
| Total capital assets being depreciated | <u>15,069,210</u> | <u>8,981,475</u> | <u>(133,620)</u> | <u>23,917,065</u> |
| Less: accumulated depreciation for: | | | | |
| Buildings | 967,136 | 92,258 | - | 1,059,394 |
| Equipment and vehicles | 2,798,360 | 406,505 | (99,282) | 3,105,583 |
| Infrastructure | <u>458,028</u> | <u>281,485</u> | <u>-</u> | <u>739,513</u> |
| Total accumulated depreciation | <u>4,223,524</u> | <u>780,248</u> | <u>(99,282)</u> | <u>4,904,490</u> |
| Total capital assets being depreciated, net | <u>10,845,686</u> | <u>8,201,227</u> | <u>(34,338)</u> | <u>19,012,575</u> |
| Governmental activities capital assets, net | <u>\$18,973,494</u> | <u>\$9,385,617</u> | <u>\$ (8,497,544)</u> | <u>\$19,861,567</u> |
| Depreciation expense was charged to the following functions: | | | | |
| Governmental activities: | | | | |
| Public safety and legal services | | | | \$ 144,458 |
| Physical health and social services | | | | 12,196 |
| Mental health | | | | 2,700 |
| County environment and education | | | | 63,839 |
| Roads and transportation | | | | 494,954 |
| Governmental services to residents | | | | 14,252 |
| Administration | | | | <u>47,849</u> |
| Total depreciation expense - governmental activities | | | | <u>\$780,248</u> |

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax for the succeeding year. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

| <u>Fund</u> | <u>Description</u> | <u>Amount</u> |
|------------------------------|--------------------|------------------|
| General | Services | \$ 13,292 |
| Special Revenue: | | |
| Rural Services | Services | \$ 839 |
| Secondary Roads | | 2,087 |
| Mental Health | | <u>86,270</u> |
| Total for governmental funds | | <u>\$102,488</u> |
| Agency: | | |
| County Assessor | Collections | \$ 975,385 |
| Auto License and Use Tax | | 371,160 |
| Community Colleges | | 798,493 |
| Corporations | | 4,404,210 |

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(6) Due to Other Governments - (Continued)

| <u>Fund</u> | <u>Description</u> | <u>Amount</u> |
|------------------------|--------------------|---------------------|
| Agency (Continued): | | |
| Schools | Collections | \$11,791,700 |
| All other | | <u>1,230,946</u> |
| Total for agency funds | | <u>\$19,571,894</u> |

(7) Special Revenue - Due From Other Governments

Included in this balance is \$23,986 which represents an unsecured promissory note due from the Buena Vista County Solid Waste Commission. This interest-free loan is due in annual installments of \$4,700 due August 1 each year until August 1, 2012, when the remaining principal balance shall be paid in full.

(8) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2008, is as follows:

| | <u>Balance beginning of year</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance, end of year</u> | <u>Due within one year</u> |
|---|--|-------------------|-------------------|---------------------------------|--------------------------------|
| Drainage warrants/improvement certificates/drainage district deficit balances | \$ 394,293 | \$ - | \$ 59,208 | \$ 335,085 | \$ - |
| General obligation bonds | 9,408,089 | 201,117 | 834,714 | 8,774,492 | 866,338 |
| Deferred charges on refinanced debt | (211,417) | 21,324 | - | (190,093) | - |
| Bond discount on LEC bonds | (65,797) | 3,468 | - | (62,329) | - |
| Compensated absences | <u>394,566</u> | <u>2,180</u> | <u>-</u> | <u>396,746</u> | <u>396,746</u> |
| Total | <u>\$9,919,734</u> | <u>\$ 228,089</u> | <u>\$ 893,922</u> | <u>\$9,253,901</u> | <u>\$1,263,084</u> |

A. Bonds Payable

A summary of the County's June 30, 2008, general obligation bonded indebtedness is as follows:

| <u>Year Ending June 30,</u> | <u>Interest Rates</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------------|--------------------|--------------------|---------------------|
| 2009 | 2.00 - 4.05 | \$ 866,338 | \$ 348,787 | \$ 1,215,125 |
| 2010 | 3.00 - 4.05 | 769,774 | 317,690 | 1,087,464 |
| 2011 | 3.00 - 4.05 | 633,380 | 292,966 | 926,346 |
| 2012 | 3.375 - 4.15 | 635,000 | 270,702 | 905,702 |
| 2013 | 3.40 - 4.30 | 655,000 | 247,327 | 902,327 |
| 2014-2018 | 3.50 - 4.45 | 2,815,000 | 871,342 | 3,686,342 |
| 2019-2023 | 4.50 - 4.65 | 1,395,000 | 437,556 | 1,832,556 |
| 2024-2026 | 4.70 - 4.80 | <u>1,005,000</u> | <u>97,266</u> | <u>1,102,266</u> |
| Total | | <u>\$8,774,492</u> | <u>\$2,883,636</u> | <u>\$11,658,128</u> |

During the year ended June 30, 2008, the County issued \$201,117 in general obligation debt and retired \$834,714 of general obligation debt.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(8) Changes in Long-Term Liabilities - (Continued)

A. Bonds Payable - (Continued)

On September 1, 1997, Buena Vista County issued \$6,000,000 of general obligation bonds to pay for remodeling and construction at Buena Vista Regional Medical Center. The county has a property tax levy to pay the principal and interest on these bonds. During the year ended June 30, 2005, the County entered into an escrow agreement whereby the proceeds from general obligation refunding bonds were converted into U.S. Securities. These securities and additional cash were placed in an escrow account for the express purpose of paying the principal and interest on the refunded general obligation bonds as they become due. After the principal and interest on all of the outstanding bonds have been paid, the remaining funds in the escrow account, together with any interest thereon, shall be returned to the County. The transactions, balances, and liabilities of the escrow account are not recorded by the County. The refunded general obligation bonds were called to maturity by the County on September 1, 2007 and were paid by proceeds from the escrow account.

The reacquisition price exceeded the net carrying amount of the old debt by \$255,842. This amount has been netted against the new debt and is being amortized over the remaining life of the new debt issued, which is shorter than the life of the refunded debt. During the year ended June 30, 2008, \$21,324 of the deferred charges were amortized to interest expense.

B. Drainage Warrants/Drainage Improvement Certificates Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest paid to the bearer of the certificate upon receipt of the installment payment, plus interest, from the landowner.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

(9) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(9) Pension and Retirement Benefits - (Continued)

Most regular plan members are required to contribute 3.90% of their annual covered salary and the County is required to contribute 6.05% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2008, 2007, and 2006, were \$282,984, \$265,036, and \$245,562 respectively, equal to the required contributions for each year.

(10) Risk Management

Buena Vista County is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County assumes liability for any deductibles and claims in excess of coverage limitations.

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2008, was \$769,144.

Amounts payable from the Employee Group Health Fund at June 30, 2008, total \$8,910, which is for reported but not paid claims. The reserve for catastrophic losses was \$236,447 at June 30, 2008, and is reported as a designation of the Employee Group Health Fund retained earnings. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

| | |
|--|------------------|
| Unpaid claims at July 1, 2007 | \$ 14,155 |
| Incurred claims | 1,078,696 |
| Payment on claims during the fiscal year | <u>1,083,941</u> |
| Unpaid claims at June 30, 2008 | <u>\$ 8,910</u> |

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(12) Jointly Governed Organization

Buena Vista County participates in a 3-County Empowerment Board, which includes Crawford and Sac Counties. This Board is a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as an agency fund due to the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2008:

Additions:

Contributions from governmental units:

| | | |
|---|-----------|--------------|
| Family Steps State funding | \$789,078 | |
| TANF grant | 109,179 | \$898,257 |
| Miscellaneous reimbursements from private sources | | 1,184 |
| Interest income | | <u>7,614</u> |
| Total additions | | 907,055 |

Deductions:

| | | |
|-----------------------------|---------------|----------------|
| Administration | 146,914 | |
| Home management services | 362,179 | |
| Preschool expansion project | 199,481 | |
| School ready grants | 43,533 | |
| Early childhood mini-grants | 32,702 | |
| Childcare specialist | 142,813 | |
| Transportation | 140 | |
| Other | <u>53,652</u> | <u>981,414</u> |

Net (74,359)

Balance beginning of year 322,140

Balance end of year \$247,781

(13) Juvenile Detention Center

The County participates in the Northwest Iowa Multi-county Regional Juvenile Detention Center, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Center is to establish and maintain a juvenile detention facility and related services. The Center does not determine capital allocations of the equity interest for individual participating jurisdictions. The Center issues separate financial statements on the accrual basis, and the transactions of the Center are not included in the financial statements of the County. The Center's activity for the fiscal year ending June 30, 2008, which is the latest information available, is summarized as follows:

| | |
|-------------------------------|------------------|
| Net assets, beginning of year | \$546,905 |
| Revenues | 823,776 |
| Expenses | <u>833,291</u> |
| Net assets, end of year | <u>\$537,390</u> |

The financial statements of the center are available at the Center's administrative office in Cherokee, Iowa.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(14) Commitments

The County has entered into the following contracts which were not completed as of June 30, 2008:

| <u>Project</u> | <u>Total Contract Amount</u> | <u>Costs Incurred As of 6-30-08</u> | <u>Remaining Commitment As of 6-30-08</u> |
|---------------------------------|--------------------------------------|---|---|
| Comprehensive development plan | \$ 80,000 | \$ 77,600 | \$ 2,400 |
| Project L-C-802-73-11; Culverts | <u>44,350</u> | <u>43,019</u> | <u>1,331</u> |
| | <u>\$124,350</u> | <u>\$120,619</u> | <u>\$ 3,731</u> |

The balance remaining at June 30, 2008, will be paid as work on the projects progresses.

(15) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(16) Unrestricted Net Assets

As a result of debt which the County has issued for other governmental entities, the unrestricted net assets is a deficit balance of \$2,558,888 at June 30, 2008. If not for the remaining balance on the debt issued for the hospital, the unrestricted net assets at June 30, 2008, would reflect a surplus of \$776,019.

(17) Operating Lease

The County has one lease. The Human Services department leases a copy machine. Rental expense incurred for this lease was \$2,958 for the year ended June 30, 2008. Minimum amounts payable under the operating lease are as follows:

| <u>Year ending June 30,</u> | |
|---------------------------------|------------------|
| 2009 | \$ 2,958 |
| 2010 | 2,958 |
| 2011 | 2,958 |
| 2012 | <u>1,479</u> |
| Total minimum lease payments | <u>\$ 10,353</u> |

REQUIRED SUPPLEMENTARY INFORMATION

BUENA VISTA COUNTY
BUDGETARY COMPARISON
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN BALANCES - BUDGET
AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008

| | Actual | Less Funds Not Required to be Budgeted | Net | <u>Budgeted Amounts</u> | | Final to Net Variance |
|--|--------------|---|--------------|-------------------------|--------------|-----------------------------|
| | | | | <u>Original</u> | <u>Final</u> | |
| Receipts: | | | | | | |
| Property and other County tax | \$ 7,007,974 | \$ - | \$ 7,007,974 | \$ 7,075,184 | \$ 7,075,184 | \$ (67,210) |
| Interest and penalty on property tax | 40,468 | - | 40,468 | 41,300 | 41,300 | (832) |
| Intergovernmental | 5,032,929 | - | 5,032,929 | 4,794,752 | 4,813,276 | 219,653 |
| Licenses and permits | 52,199 | - | 52,199 | 27,416 | 27,416 | 24,783 |
| Charges for service | 639,271 | - | 639,271 | 536,555 | 536,555 | 102,716 |
| Use of money and property | 253,917 | - | 253,917 | 262,693 | 262,693 | (8,776) |
| Miscellaneous | 344,443 | 172,503 | 171,940 | 356,653 | 372,653 | (200,713) |
| Total receipts | 13,371,201 | 172,503 | 13,198,698 | 13,094,553 | 13,129,077 | 69,621 |
| Disbursements: | | | | | | |
| Public safety and legal services | 2,391,149 | - | 2,391,149 | 2,276,206 | 2,407,233 | 16,084 |
| Physical health and social services | 1,128,970 | - | 1,128,970 | 1,124,871 | 1,194,611 | 65,641 |
| Mental health | 1,412,904 | - | 1,412,904 | 1,669,736 | 1,669,736 | 256,832 |
| County environment and education | 592,756 | - | 592,756 | 680,795 | 703,746 | 110,990 |
| Roads and transportation | 3,362,924 | - | 3,362,924 | 3,887,525 | 3,887,525 | 524,601 |
| Governmental services to residents | 550,140 | - | 550,140 | 563,352 | 589,709 | 39,569 |
| Administration | 1,142,744 | - | 1,142,744 | 1,259,885 | 1,177,285 | 34,541 |
| Non-program | 48,757 | - | 48,757 | 34,800 | 56,800 | 8,043 |
| Debt service | 1,157,645 | - | 1,157,645 | 1,304,052 | 1,304,052 | 146,407 |
| Capital projects | 2,131,354 | 96,873 | 2,034,481 | 1,401,750 | 2,806,750 | 772,269 |
| Total disbursements | 13,919,343 | 96,873 | 13,822,470 | 14,202,972 | 15,797,447 | 1,974,977 |
| Excess (deficiency) of receipts over disbursements | (548,142) | 75,630 | (623,772) | (1,108,419) | (2,668,370) | 2,044,598 |
| Other financing sources, net | (53,306) | (59,207) | 5,901 | 500 | 500 | 5,401 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (601,448) | 16,423 | (617,871) | (1,107,919) | (2,667,870) | 2,049,999 |
| Balance beginning of year | 6,174,725 | 87,274 | 6,087,451 | 4,428,676 | 6,087,451 | - |
| Balance end of year | \$ 5,573,277 | \$ 103,697 | \$ 5,469,580 | \$ 3,320,757 | \$ 3,419,581 | \$ 2,049,999 |

See accompanying independent auditor's report.

BUENA VISTA COUNTY
BUDGETARY COMPARISON SCHEDULE-BUDGET
TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008

| | <u>Governmental Funds</u> | | |
|------------------------------|-----------------------------|--------------------------------------|---|
| | <u>Cash</u> <u>Basis</u> | <u>Accrual</u> <u>Adjustments</u> | <u>Modified</u> <u>Accrual</u> <u>Basis</u> |
| Revenues | \$ 13,371,201 | \$ 19,624 | \$ 13,390,825 |
| Expenditures | <u>13,919,343</u> | <u>(540,139)</u> | <u>13,379,204</u> |
| Net | (548,142) | 559,763 | 11,621 |
| Other financing sources, net | (53,306) | (5,901) | (59,207) |
| Beginning fund balances | <u>6,174,725</u> | <u>(402,358)</u> | <u>5,772,367</u> |
| Ending fund balances | <u>\$ 5,573,277</u> | <u>\$ 151,504</u> | <u>\$ 5,724,781</u> |

See accompanying independent auditor's report.

BUENA VISTA COUNTY
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION - BUDGETARY REPORTING
JUNE 30, 2008

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service, and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,594,475. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the E911 Service Board, and for Emergency Management Services by the County Emergency Management Commission.

SUPPLEMENTARY INFORMATION

BUENA VISTA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

Schedule 1

| | Special Revenue | | | | | | | | |
|--------------------------------------|---------------------------------------|---|--|--------------------------|-----------------------|-------------------------------------|---------------------------------------|-----------------------------|-------------------|
| | Local Option Secondary Roads | County Recorder's Records Management | Resource Enhancement and Protection | Jail Security Fund | Drainage Districts | Conservation Land Acquisition | J.A. Buckingham Estate Trust | Newell Cemetery Trust | Total |
| <u>ASSETS</u> | | | | | | | | | |
| Cash and pooled investments | \$ 249,789 | \$ 12,364 | \$ 31,217 | \$ 34,224 | \$ 103,697 | \$ 104,176 | \$ 27,285 | \$ 1,937 | \$ 564,689 |
| Receivables: | | | | | | | | | |
| Accounts | 76,810 | 321 | - | - | - | 241 | - | - | 77,372 |
| Accrued interest | - | 14 | 26 | - | - | 71 | 14 | 1 | 126 |
| Drainage assessments | - | - | - | - | 167,186 | - | - | - | 167,186 |
| Due from other governments | 31,405 | - | - | - | - | - | - | - | 31,405 |
| Prepaid expenses | - | 3,002 | - | - | - | - | - | - | 3,002 |
| Total assets | <u>\$ 358,004</u> | <u>\$ 15,701</u> | <u>\$ 31,243</u> | <u>\$ 34,224</u> | <u>\$ 270,883</u> | <u>\$ 104,488</u> | <u>\$ 27,299</u> | <u>\$ 1,938</u> | <u>\$ 843,780</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 6,778 | \$ - | \$ - | \$ - | \$ 6,778 |
| Interest payable | - | - | - | - | 32,048 | - | - | - | 32,048 |
| Deferred revenue | - | - | - | - | 167,186 | - | - | - | 167,186 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>206,012</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>206,012</u> |
| Fund balances: | | | | | | | | | |
| Reserved for: | | | | | | | | | |
| Drainage warrants | - | - | - | - | (32,814) | - | - | - | (32,814) |
| Future expenditures | - | - | - | - | 97,685 | - | - | - | 97,685 |
| Unreserved | <u>358,004</u> | <u>15,701</u> | <u>31,243</u> | <u>34,224</u> | <u>-</u> | <u>104,488</u> | <u>27,299</u> | <u>1,938</u> | <u>572,897</u> |
| Total fund balances | <u>358,004</u> | <u>15,701</u> | <u>31,243</u> | <u>34,224</u> | <u>64,871</u> | <u>104,488</u> | <u>27,299</u> | <u>1,938</u> | <u>637,768</u> |
| Total liabilities and fund balances | <u>\$ 358,004</u> | <u>\$ 15,701</u> | <u>\$ 31,243</u> | <u>\$ 34,224</u> | <u>\$ 270,883</u> | <u>\$ 104,488</u> | <u>\$ 27,299</u> | <u>\$ 1,938</u> | <u>\$ 843,780</u> |

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

Schedule 2

| | Special Revenue | | | | | | | | |
|---|---------------------------------------|---|--|--------------------------|-----------------------|-------------------------------------|---------------------------------------|-----------------------------|-------------------|
| | Local Option Secondary Roads | County Recorder's Records Management | Resource Enhancement and Protection | Jail Security Fund | Drainage Districts | Conservation Land Acquisition | J.A. Buckingham Estate Trust | Newell Cemetery Trust | Total |
| Revenues: | | | | | | | | | |
| Property and other County tax | \$ 423,572 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 423,572 |
| Intergovernmental | - | - | 16,485 | - | - | 19,750 | - | - | 36,235 |
| Charges for services | - | 3,593 | - | 9,342 | - | 6,265 | - | - | 19,200 |
| Use of money and property | - | 284 | 365 | - | - | 10,501 | 811 | 16 | 11,977 |
| Miscellaneous | - | - | - | 3,595 | 172,503 | 29,528 | - | - | 205,626 |
| Total revenues | <u>423,572</u> | <u>3,877</u> | <u>16,850</u> | <u>12,937</u> | <u>172,503</u> | <u>66,044</u> | <u>811</u> | <u>16</u> | <u>696,610</u> |
| Expenditures: | | | | | | | | | |
| Operating: | | | | | | | | | |
| Physical health and social services | - | - | - | - | - | - | 15,000 | - | 15,000 |
| Administration | - | - | - | 21,524 | - | - | - | - | 21,524 |
| Non-program | - | 6,110 | - | - | 107,245 | 14,590 | - | - | 127,945 |
| Total expenditures | <u>-</u> | <u>6,110</u> | <u>-</u> | <u>21,524</u> | <u>107,245</u> | <u>14,590</u> | <u>15,000</u> | <u>-</u> | <u>164,469</u> |
| Excess (deficiency) of revenues over expenditures | <u>423,572</u> | <u>(2,233)</u> | <u>16,850</u> | <u>(8,587)</u> | <u>65,258</u> | <u>51,454</u> | <u>(14,189)</u> | <u>16</u> | <u>532,141</u> |
| Other financing sources (uses): | | | | | | | | | |
| Operating transfers in (out) | (399,298) | - | - | 8,264 | - | - | - | - | (391,034) |
| Drainage district warrants | - | - | - | - | (59,207) | - | - | - | (59,207) |
| Total other financing sources (uses) | <u>(399,298)</u> | <u>-</u> | <u>-</u> | <u>8,264</u> | <u>(59,207)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(450,241)</u> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 24,274 | (2,233) | 16,850 | (323) | 6,051 | 51,454 | (14,189) | 16 | 81,900 |
| Fund balances beginning of year | <u>333,730</u> | <u>17,934</u> | <u>14,393</u> | <u>34,547</u> | <u>58,820</u> | <u>53,034</u> | <u>41,488</u> | <u>1,922</u> | <u>555,868</u> |
| Fund balances end of year | <u>\$ 358,004</u> | <u>\$ 15,701</u> | <u>\$ 31,243</u> | <u>\$ 34,224</u> | <u>\$ 64,871</u> | <u>\$ 104,488</u> | <u>\$ 27,299</u> | <u>\$ 1,938</u> | <u>\$ 637,768</u> |

See accompanying independent auditor's report.

BUENA VISTA COUNTY
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND
 AND LIABILITIES - AGENCY FUNDS
 JUNE 30, 2008

Schedule 3

| | County Offices | Agricultural Extension | County Assessor | Schools | Community Colleges | Corporations | Townships | Auto License and Use Tax | Other | Total |
|------------------------------|-------------------|---------------------------|---------------------|----------------------|-----------------------|---------------------|-------------------|-----------------------------------|-------------------|----------------------|
| <u>ASSETS</u> | | | | | | | | | | |
| Cash and pooled investments: | | | | | | | | | | |
| County Treasurer | \$ - | \$ 1,809 | \$ 461,877 | \$ 111,033 | \$ 5,097 | \$ 42,211 | \$ 2,592 | \$ 349,924 | \$ 393,112 | \$ 1,367,655 |
| Other County officials | 62,437 | - | - | - | - | - | - | - | - | 62,437 |
| Receivables: | | | | | | | | | | |
| Property tax: | | | | | | | | | | |
| Delinquent | - | 808 | 2,477 | 53,229 | 3,577 | 30,209 | 623 | - | 1,809 | 92,732 |
| Succeeding year | - | 176,226 | 540,342 | 11,627,438 | 789,819 | 4,331,790 | 258,616 | - | 383,218 | 18,107,449 |
| Accounts | 3,315 | - | 2,042 | - | - | - | - | 21,236 | 32,827 | 59,420 |
| Special assessments | - | - | - | - | - | - | - | - | 28,607 | 28,607 |
| Total assets | <u>\$ 65,752</u> | <u>\$ 178,843</u> | <u>\$ 1,006,738</u> | <u>\$ 11,791,700</u> | <u>\$ 798,493</u> | <u>\$ 4,404,210</u> | <u>\$ 261,831</u> | <u>\$ 371,160</u> | <u>\$ 839,573</u> | <u>\$ 19,718,300</u> |
| <u>LIABILITIES</u> | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 30,780 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 79,406 | 110,186 |
| Salaries & benefits payable | - | - | 573 | - | - | - | - | - | - | 573 |
| Due to other governments | 36,815 | 178,843 | 975,385 | 11,791,700 | 798,493 | 4,404,210 | 261,831 | 371,160 | 753,457 | 19,571,894 |
| Trusts payable | 28,937 | - | - | - | - | - | - | - | 6,710 | 35,647 |
| Total liabilities | <u>\$ 65,752</u> | <u>\$ 178,843</u> | <u>\$ 1,006,738</u> | <u>\$ 11,791,700</u> | <u>\$ 798,493</u> | <u>\$ 4,404,210</u> | <u>\$ 261,831</u> | <u>\$ 371,160</u> | <u>\$ 839,573</u> | <u>\$ 19,718,300</u> |

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES - AGENCY FUNDS
YEAR ENDED JUNE 30, 2008

Schedule 4

| | <u>County Offices</u> | <u>Agricultural Extension</u> | <u>County Assessor</u> | <u>Schools</u> | <u>Community Colleges</u> | <u>Corporations</u> | <u>Townships</u> | <u>Auto License and Use Tax</u> | <u>Other</u> | <u>Total</u> |
|-------------------------------------|---------------------------|-----------------------------------|----------------------------|----------------------|-------------------------------|---------------------|-------------------|---|-------------------|----------------------|
| <u>ASSETS AND LIABILITIES</u> | | | | | | | | | | |
| Balances beginning of year | \$ 66,739 | \$ 169,318 | \$ 944,173 | \$10,463,946 | \$ 477,890 | \$ 4,073,889 | \$ 241,598 | \$ 364,176 | \$ 961,992 | \$ 17,763,721 |
| Additions: | | | | | | | | | | |
| Property and other county tax | - | 175,563 | 538,550 | 11,591,569 | 789,244 | 4,288,902 | 258,377 | - | 381,633 | 18,023,838 |
| E911 surcharge | - | - | - | - | - | - | - | - | 358,793 | 358,793 |
| State tax credits | - | 7,538 | 21,896 | 462,996 | 21,261 | 174,066 | 10,811 | - | 17,039 | 715,607 |
| Office fees and collections | 472,789 | - | 4,154 | - | - | - | - | - | 87,048 | 563,991 |
| Auto licenses, use tax, and postage | - | - | - | - | - | - | - | 4,489,132 | - | 4,489,132 |
| Assessments | - | - | - | - | - | - | - | - | 6,156 | 6,156 |
| Trusts | 769,333 | - | - | - | - | - | - | - | 958,960 | 1,728,293 |
| Total additions | <u>1,242,122</u> | <u>183,101</u> | <u>564,600</u> | <u>12,054,565</u> | <u>810,505</u> | <u>4,462,968</u> | <u>269,188</u> | <u>4,489,132</u> | <u>1,809,629</u> | <u>25,885,810</u> |
| Deductions: | | | | | | | | | | |
| Agency remittances: | | | | | | | | | | |
| To other governments | 478,131 | 173,576 | 502,035 | 10,726,811 | 489,902 | 4,132,647 | 248,955 | 4,482,148 | 887,946 | 22,122,151 |
| Trusts paid out | 764,978 | - | - | - | - | - | - | - | 1,044,102 | 1,809,080 |
| Total deductions | <u>1,243,109</u> | <u>173,576</u> | <u>502,035</u> | <u>10,726,811</u> | <u>489,902</u> | <u>4,132,647</u> | <u>248,955</u> | <u>4,482,148</u> | <u>1,932,048</u> | <u>23,931,231</u> |
| Balances end of year | \$ <u>65,752</u> | \$ <u>178,843</u> | \$ <u>1,006,738</u> | \$ <u>11,791,700</u> | \$ <u>798,493</u> | \$ <u>4,404,210</u> | \$ <u>261,831</u> | \$ <u>371,160</u> | \$ <u>839,573</u> | \$ <u>19,718,300</u> |

See accompanying independent auditor's report.

BUENA VISTA COUNTY
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY
FUNCTION - ALL GOVERNMENTAL FUNDS
FOR THE LAST SEVEN YEARS

Schedule 5

| | Modified Accrual Basis | | | | | | |
|--------------------------------------|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
| Revenues: | | | | | | | |
| Property and other county tax | \$ 7,065,977 | \$ 6,648,612 | \$ 6,577,364 | \$ 6,388,682 | \$ 6,136,029 | \$ 4,697,645 | \$ 4,337,449 |
| Interest and penalty on property tax | 40,523 | 43,470 | 46,464 | 34,702 | 39,269 | 31,434 | 29,995 |
| Intergovernmental | 5,074,654 | 4,998,520 | 5,072,950 | 6,021,929 | 5,401,544 | 4,388,110 | 4,382,573 |
| Licenses and permits | 51,864 | 29,037 | 27,696 | 32,782 | 27,954 | 26,003 | 26,467 |
| Charges for service | 624,766 | 600,836 | 625,239 | 673,495 | 586,418 | 503,889 | 441,771 |
| Use of money and property | 243,620 | 430,698 | 240,451 | 151,098 | 129,839 | 154,053 | 220,720 |
| Miscellaneous | 289,421 | 235,095 | 499,302 | 367,317 | 197,088 | 128,306 | 59,039 |
| Total | <u>\$ 13,390,825</u> | <u>\$12,986,268</u> | <u>\$13,089,466</u> | <u>\$13,670,005</u> | <u>\$12,518,141</u> | <u>\$ 9,929,440</u> | <u>\$ 9,498,014</u> |
| Expenditures: | | | | | | | |
| Operating: | | | | | | | |
| Public safety and legal services | \$ 2,416,715 | \$ 2,208,090 | \$ 2,130,132 | \$ 1,916,398 | \$ 1,891,622 | \$ 1,789,460 | \$ 1,648,975 |
| Physical health and social services | 1,125,268 | 1,056,604 | 987,561 | 1,022,394 | 1,081,819 | 1,167,713 | 1,063,282 |
| Mental health | 1,428,879 | 1,496,631 | 1,407,028 | 1,255,061 | 1,170,050 | 1,126,253 | 1,236,325 |
| County environment and education | 609,120 | 607,830 | 642,349 | 493,960 | 460,508 | 471,973 | 467,927 |
| Roads and transportation | 3,170,235 | 3,622,293 | 4,492,826 | 3,051,873 | 3,298,592 | 2,725,349 | 2,654,654 |
| Governmental services to residents | 551,839 | 512,159 | 488,654 | 452,522 | 436,248 | 345,670 | 301,108 |
| Administration | 1,141,424 | 1,047,527 | 1,019,714 | 979,435 | 963,822 | 1,009,896 | 925,179 |
| Non-program | 564,050 | 1,961,898 | 1,151,855 | 2,138,420 | 1,158,653 | 213,401 | 85,869 |
| Debt service | 1,157,644 | 1,051,170 | 858,289 | 1,265,592 | 881,621 | 693,761 | 697,150 |
| Capital projects | 1,214,030 | 4,393,109 | 710,072 | 257,978 | 332,071 | 1,846,546 | 633,988 |
| Total | <u>\$ 13,379,204</u> | <u>\$17,957,311</u> | <u>\$13,888,480</u> | <u>\$12,833,633</u> | <u>\$11,675,006</u> | <u>\$11,390,022</u> | <u>\$ 9,714,457</u> |

See accompanying independent auditor's report.

BUENA VISTA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

Schedule 6

| <u>Grantor/Program</u> | <u>CFDA Number</u> | <u>Agency or Pass-through Number</u> | <u>Program Expenditures</u> |
|--|------------------------|--|---------------------------------|
| Direct: | | | |
| U.S. Department of Agriculture: | | | |
| Watershed Protection and Flood Prevention | 10.904 | 69-6114-6-14 | <u>\$ 127,472</u> |
| Indirect: | | | |
| U.S. Department of Agriculture: | | | |
| Iowa Department of Human Services: | | | |
| Human Services Administrative Reimbursements: | | | |
| State Administrative Matching Grant for Food Stamp Program | 10.561 | | <u>12,132</u> |
| U.S. Department of Justice: | | | |
| Office of Drug Control Policy: | | | |
| Drug Endangered Children Grant | 16.541 | 06-OJJDPIO | <u>20,000</u> |
| U.S. Department of Transportation: | | | |
| Iowa Department of Transportation: | | | |
| Highway Planning and Construction | 20.205 | BROS-C011-(79)-8J-11 | <u>154,517</u> |
| U.S. Department of Health and Human Services: | | | |
| Iowa Department of Human Services: | | | |
| Human Services Administrative Reimbursements: | | | |
| Temporary Assistance for Needy Families | 93.558 | | 13,147 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | | 3,190 |
| Foster Care - Title IV-E | 93.658 | | 7,675 |
| Adoption Assistance | 93.659 | | 1,828 |
| Medical Assistance Program | 93.778 | | 16,729 |
| Social Services Block Grant | 93.667 | | 8,624 |
| State Children's Insurance Program | 93.767 | | 109 |
| Social Services Block Grant | 93.667 | | 91,010 |
| Child Care and Development Block Grant | 93.575 | | <u>109,179</u> |
| | | | <u>251,491</u> |
| Iowa Department of Public Health: | | | |
| Immunization Grants | 93.268 | 5888I409 | 42,276 |
| Siouxland District Health Department: | | | |
| Public Health Preparedness and Response to Bioterrorism | 93.069 | 5888BT03-LPHA1104 | <u>16,506</u> |
| | | | <u>58,782</u> |

(Continued)

BUENA VISTA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

Schedule 6
(Continued)

| <u>Grantor/Program</u> | <u>CFDA Number</u> | <u>Agency or Pass-through Number</u> | <u>Program Expenditures</u> |
|---|------------------------|--|---------------------------------|
| Indirect: | | | |
| U.S. Department of Homeland Security: | | | |
| Iowa Department of Public Defense: | | | |
| Iowa Homeland Security and Emergency | | | |
| Management Division: | | | |
| Emergency Management Performance Grants | 97.042 | | \$ 22,898 |
| Total | | | <u>\$ 647,292</u> |

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Buena Vista County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

HUNZELMAN, PUTZIER & CO., PLC
CERTIFIED PUBLIC ACCOUNTANTS

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KEITH C. GERMANN, C.P.A.
RICHARD R. MOORE, C.P.A.
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W.J. HUNZELMAN, C.P.A. 1921-1997

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Officials of Buena Vista County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated March 24, 2009. Our report on the financial statements was qualified because the materials and supplies inventory was not included. Except as discussed in the preceding sentence, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Buena Vista County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Buena Vista County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Buena Vista County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Buena Vista County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Buena Vista County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe all items are material weaknesses.

Compliance and Other Matters

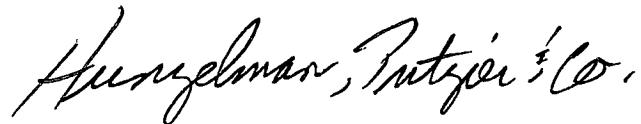
As part of obtaining reasonable assurance about whether Buena Vista County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2008, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Buena Vista County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Buena Vista County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Buena Vista County and other parties to whom Buena Vista County may report, including federal awarding agencies and pass-through entities. This report is not intended to be, and should not be used by anyone other than these specified parties.

March 24, 2009



HUNZELMAN, PUTZIER & CO., PLC
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Officials of Buena Vista County:

Compliance

We have audited the compliance of Buena Vista County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Buena Vista County's major federal programs are identified in Part I of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of Buena Vista County's management. Our responsibility is to express an opinion on Buena Vista County's compliance based on our audit.

We conducted our audit of compliance in accordance with the U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Buena Vista County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Buena Vista County's compliance with those requirements.

In our opinion, Buena Vista County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Buena Vista County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered Buena Vista County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of Buena Vista County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Buena Vista County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is a more than a remote likelihood non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Buena Vista County and other parties to whom Buena Vista County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

March 24, 2009

Hungelman, Putzier & Co.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part I: Summary of the Independent Auditor's Results:

- (a) A qualified opinion was issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies or material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 10.904 – Watershed Protection and Flood Prevention
 - CFDA Number 20.205 – Highway Planning and Construction
 - CFDA Number 93.667 – Social Services Block Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Buena Vista County did not qualify as a low-risk auditee.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

II-A-08 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in an office may have control over areas for which no compensating controls exist.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions reconciliations, and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review. Following are controls which should be implemented whenever possible:

1. All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.
2. Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.
3. Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants, or approve vouchers for payment.

Response - To the degree possible in the various departments, incoming mail is opened, and checks and cash listed by a person not authorized to make accounting entries. Checks and cash are then turned over to accounting personnel for processing. The list of checks and cash is later reconciled with cash receipt records.

To the degree possible in each department, bank accounts are reconciled promptly by a staff person who is not authorized to sign checks.

To the degree possible in the departments, the following responsibilities are segregated: approval of supporting documentation of claims submitted, preparing and recording of disbursements, reviewing of warrant with original claim documentation, and handling of petty cash.

Conclusion - Response accepted.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part II: Findings Related to the Financial Statements: - (Continued)

SIGNIFICANT DEFICIENCIES - (Continued)

- II-B-08 Materials and Supplies Inventory - The financial statements do not include materials and supplies inventory, pertaining primarily to the Special Revenue Funds. The amounts of such inventories are not determinable because no count has been taken by the County.

Recommendation - The County should make appropriate counts of materials and supplies inventory on hand at June 30 each year and determine the cost to be included in the annual financial statements in order to conform with generally accepted accounting principles. The annual count should be coordinated with the independent auditors who will need to observe the inventory counting procedures.

Response – At the current time, sufficient resources are not available to perform this inventory on June 30. However, an annual inventory is taken at another time during the fiscal year for management purposes. The Board of Supervisors has determined that this inventory is satisfactory for management's need, and that the cost of changing to a June 30 inventory exceeds the benefit to be gained.

Conclusion – Response accepted.

- II-C-08 Financial Reporting – We noted that while management is capable of preparing accurate financial statements that provide information sufficient to make management decisions, reporting financial data reliably in accordance with generally accepted accounting principles (GAAP) requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Recommendation - Obtaining additional GAAP knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in the ability to prepare and take responsibility for reliable GAAP financial statements.

Response – Management has addressed this control risk by engaging an independent Certified Public Accountant to prepare the financial statements. We have also appointed persons with sufficient knowledge to evaluate the preparation of the financial statements, and have reviewed and accepted the financial statements.

Conclusion – Response accepted.

- II-D-08 Disbursements Documentation – There were several credit card charges in the Sheriff's Department and at the County Extension office which were not supported by proper documentation.

Recommendation – All charges should be supported by original documentation which clearly indicates the date and purpose of the disbursement.

Response – Both the Sheriff and Ag Extension Director have been contacted to discuss the need for proper documentation.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part II: Findings Related to the Financial Statements: - (Continued)

SIGNIFICANT DEFICIENCIES - (Continued)

II-D-08 Disbursements Documentation - (Continued)

Conclusion – Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-08 Certified Budget - Disbursements in several functions and departments exceeded the amounts budgeted prior to the budget amendments.

Recommendation - The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The Board will review departmental budget reports monthly, and prepare a budget amendment prior to allowing expenditures which would result in exceeding approved amounts.

Conclusion – Response accepted.

IV-B-08 Questionable Expenditures - No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-08 Travel Expense - No expenditures of County money for travel expense of spouses of County officials or employees were noted.

IV-D-08 Business Transactions - No business transactions between the County and County officials or employees were noted.

IV-E-08 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

IV-F-08 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not. However, the published minutes did not contain a list of claims and the purpose as required by Chapter 349.18 of the Code of Iowa and several Attorney General's opinions.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part IV: Other Findings Related to Required Statutory Reporting: - (Continued)

IV-F-08 Board Minutes - (Continued)

Recommendation - Published minutes should contain a list of all approved claims and the purpose of the claim.

Response - Since we do not receive inquiries about this information, and in an attempt to manage the cost of publication, the Board of Supervisors has directed that a list of the claims paid should be published quarterly including the vendor and amount. More complete information is available by request.

Conclusion - Response accepted.

IV-G-08 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-08 Resource Enhancement and Protection Certification - The County has dedicated property tax revenue to conservation purposes sufficient to meet the requirements of Chapter 455 A.19(1)(b) of the Code of Iowa in order to receive additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-08 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B. Disbursements during the year ended June 30, 2008, for the County Extension Office did not exceed the amount budgeted.

II-J-08 Carryover of Compensatory Hours - Unused compensatory time for eleven employees in seven departments appears to be in excess of established policies as of June 30, 2008.

Recommendation - Unused compensatory hours should be monitored closely to determine that it is within County policy and legal guidelines.

Response - As of today's date, two Auditor's employees exceed the limit of 80 hours due to the extra time put in for the 2008 General Election; they will reduce the excess by the end of the current year.

One Sheriff's Deputy is over the 240 hours and a secretary exceeds the 80 hours. They will reduce their hours by the end of the current year.

One of the custodians will reduce his comp time hours as soon as possible.

Conclusion - Response accepted.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part IV: Other Findings Related to Required Statutory Reporting: - (Continued)

IV-K-08 Department Heads Vacation Carryover – The department head of E911 had approximately 536 hours of accrued vacation as of June 30, 2008. Although the County's policy allows the carryover of vacation with department head approval, this amount results in a current liability which may become a substantial payment at a future date.

Recommendation - To avoid a possible substantial payment in the future, the Board should consider eliminating some of this carryover through payments or paid time off.

Response – The Sheriff has been asked to review last year's plan for reducing the carryover, and make adjustments where possible.

Conclusion – Response accepted.

IV-L-08 Transfers to Secondary Roads Fund – The transfers from the General and Rural Basics funds to the Secondary Roads fund exceeded the maximum allowed by Iowa Code Section 331.429.

Recommendation – The County should determine that all transfers between funds are properly authorized and are in compliance with Code requirements.

Response – Transfers made in FY'08 were those authorized for FY'08 plus the 2nd half of the FY'07 transfers. All were authorized by the FY'07 and FY'08 budgets.

Conclusion – Response accepted.